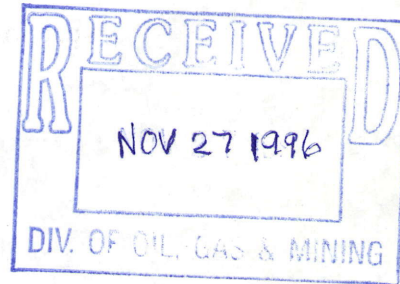


November 25, 1996

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801



Mr. D. Wayne Hedberg,

Re: Affidavit for exemption to mine coal for my own use, dated 18 December, 1992. It has been brought to my attention that the wrong number for our Coal lease is listed in that Affidavit. The lease # listed was not even a coal lease. Enclosed is new affidavit with correct lease number.

I hope this will correct and update our records.

Sincerely,

Dick Shumway
1810 Shumway
Moab, Utah 84532
801.259.7893

S/055/006

**AFFIDAVIT OF DICK SHUMWAY FOR PURPOSES
OF QUALIFYING FOR EXEMPTION FROM
REGULATION UNDER THE UTAH COAL REGULATORY PROGRAM**

The undersigned, Dick Shumway, being duly sworn under oath,
deposes and states as follows:

1. I am the operator of the Factory Butte mineral Project, under DOGM
file #, S/055/066, and under Utah State Coal Lease ML#43377 located in
Section 2, Township 27 South, Range 9 East, SLBM, Wayne County, Utah
(the "State Lease").

2. As operator of the Factory Butte Mineral Project, I intend to extract
Humic shale from lands underlying the State lease.

3. I attest and affirm that any Humic shale, coal or other carbonaceous
products that I, or any other person or entity, extract from lands underlying
the State Lease will be for my personal, noncommercial use as defined in
Admin. Code R645-100-400.

"Humate"
not
humic
shale

4. I further attest and affirm that I am aware that any exemption I
receive from the Utah Division of Oil, Gas and Mining under the Utah Coal
Regulatory Program, will not exempt me from any and all reclamation
obligations imposed by the Utah Mined Land Reclamation Act, codified at
Utah Code Ann. S 40-8-1 et. seq.

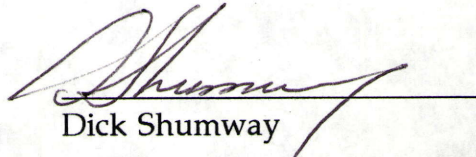
DATED this 25 day of Nov, 1996

STATE OF UTAH)

:


COUNTY OF GRAND)

I, Dick Shumway, being first duly sworn, hereby state that I have read the foregoing AFFIDAVIT OF DICK SHUMWAY and that the same is true to the best of my knowledge, information and belief.


Dick Shumway

Subscribed and sworn to before me this 25 day of Nov., 1996.

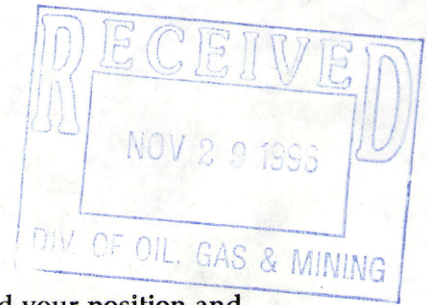



Notary Public

5/055/006

State of Utah Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818
Mr. John T. Blake

11/26/96



Dear Mr. Blake,

I have just read your letter dated November 21, 1996. I do not understand your position and response to this matter.

Let's go back in time a little, remember in 1990, Mr. Frandsen acquired the clay lease from Trust Lands in effort to gain control of our material. I refer to your letter of July 2, 1990, when the determination was made that the material of interest would fall under our coal lease ML#43377, and not Mr. Duvels clay lease, there are no Humic shale materials as such on this section.

My correspondence files show that DOGM sent you copies of communication between DOGM and us, in regards to our efforts with DOGM to obtain "the exemption", (exemption from R614 coal mine rules which would allow us to produce a coal product for our personal use). After satisfying the requirements of DOGM for this exemption, DOGM sent me the letter dated 11 December, 1992, along with the affidavit for me to sign, stating we would only mine coal for our own personal use, thus, exempting us from working under the R614 rules. I did not notice until now, that they had put the wrong lease number on the affidavit. All of our correspondence to DOGM, directed toward this exemption, prior to the December letter, were referenced to ML#43377. It seems a little ridiculous for us to put our efforts toward getting an exemption on a expired lease which wasn't even coal. After returning the signed affidavit to DOGM, we became very busy with every day life of earning a living, and this project was put on the shelf until I recently called Wayne.

I feel a positive alternative to this letter could have been, when the discrepancy of lease numbers was noticed, simply notify DOGM and myself so we could work to correct the problem.

I also do not comprehend why this notice was sent to Mr. Frandsen. He should have nothing to do with this matter. If it was an effort to notify all interested lease holders, no notice was sent to the owners of ML#43377.

John, when you called me earlier this year and reported that someone had disturbed soil on this property, I told you I would work to repair it when I had a loader available, although we were not responsible for the dig. I restate what I said then, we have not performed any surface work of any kind on this lease in the period of time we have owned it. I am slowly working on getting all required permit approvals.

I hope we can continue our work relationship, without any future misunderstandings of this nature.

Sincerely,

Dick Shumway

cc: David Terry
Jim Cooper
Wayne Hedberg